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REGULATORY AUTH.

TENNESSEE REGULATORY AUTHORITY

RULEMAKING HEARING **MAY 12 PM 1 50**

Thursday, April 22, 1999

OFFICE OF THE
EXECUTIVE SECRETARY

ORIGINAL

IN RE:

RULEMAKING AUTHORITY OF TENNESSEE)
CODE ANNOTATED, SECTION 65-2-102,)
Rule No. 1220-4-4-.55, COST)
ALLOCATION AND AFFILIATE)
TRANSACTION.)

BEFORE: DAVID WADDELL,
HEARING OFFICER

98-00690

APPEARANCES:

For Kingsport Power
Company:

Mr. T. Arthur Scott

For Consumer Advocate
Division:

Mr. Vance Broemel
Mr. Archie Hickerson
Mr. Mike Chrysler



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Reported by:
Donna J. McWhorter, RPR

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1 (The aforementioned cause came on to
2 be heard on Thursday, April 22, 1999, beginning at
3 approximately 9:00 a.m., before K. David Waddell,
4 Hearing Officer. The following proceedings were had,
5 to-wit.)

6 HEARING OFFICER: I call the hearing
7 to order. My name is David Waddell. I'm the executive
8 secretary of the Tennessee Regulatory Authority, and
9 I'll be serving as the hearing officer today.

10 This is a rulemaking hearing held
11 pursuant to a notice filed with the Secretary of
12 State's office on February the 26th, 1999, the notice
13 appearing in the Tennessee Administrative Register on
14 March 15th, 1999.

15 This is a hearing held pursuant to the
16 Uniform Administrative Procedures Act that sets out the
17 requirements for rulemaking hearings and the
18 promulgation of rules by this agency. The particular
19 rule we're discussing today is under our Rulemaking
20 Authority of Tennessee Code Annotated, Section
21 65-2-102. This particular section is a set of new
22 rules that would be codified at Rule No. 1220-4-4-.55.
23 Cost allocation and affiliate transaction would be the
24 new chapter.

25 The purpose of our hearing today is to

1 receive any public comments or take notice of any
2 comments that have been filed to this point and to
3 determine when the record in this matter will close.
4 There are those in attendance today who can make any
5 comments today or file written comments at some point
6 in the future.

7 At this point the record in this case
8 consists of the notice and the substance of the
9 proposed rules, a letter from T. Arthur Scott on behalf
10 of Kingsport Power Company, and a letter from Edison
11 Electric. And the substance of both letters, I'll let
12 the parties, if they're here, comment on their own
13 letter, but the substance is basically that they wish
14 to file written comments at some point in the future.

15 With that, are there any questions
16 about this process at this point?

17 MR. BROEMEL: No.

18 HEARING OFFICER: If anyone would like
19 to make any comments at this point, just identify
20 yourself for the record. We've got a small group here
21 today, and we'll keep it informal. If anyone would
22 like to make some comments at this time, just identify
23 yourself for the record, and we'll proceed.

24 MR. BROEMEL: I'm Vance Broemel with
25 the Consumer Advocate Division. We have submitted

1 these rules, and on behalf of the Consumer Advocate
2 Division, I'd just like to say that we do believe these
3 rules should be adopted, that they will help consumers,
4 particularly captive consumers of electric companies,
5 and as Tennessee moves to rather uncharted waters with
6 electricity, with the likelihood or possibility of TVA
7 becoming deregulated, we think that we need to put
8 these rules in place at this time to protect, as I
9 said, consumers, particularly consumers who I would
10 call captive consumers, to ensure that the prices that
11 the utilities pay both for receiving goods and selling
12 goods and services are adequate and proper. We believe
13 that these rules do ensure that and would benefit the
14 consumers of Tennessee. That's all.

15 HEARING OFFICER: Thank you. Anything
16 else?

17 MR. SCOTT: I'm T. Arthur Scott, Jr.,
18 with Hunter, Smith & Davis. I'm representing Kingsport
19 Power Company. We'll reserve our comments for the
20 later filing.

21 HEARING OFFICER: All right.

22 MR. BROEMEL: I take it that having
23 spoken is not saying that we don't also want to file
24 something.

25 HEARING OFFICER: That's fine. Anyone

1 else here in the audience that would like to make any
2 comments?

3 Okay. I believe the request at this
4 point was to hold the record open so that written
5 comments could be filed by May 21st, 1999, and that
6 after those comments were filed, we would have until
7 June 14th to respond to any comments filed by anyone
8 else, and that June 14th would be the date that the
9 record would close in this rulemaking proceeding. Is
10 that --

11 MR. BROEMEL: That's acceptable to us.

12 MR. SCOTT: And that's acceptable to
13 us. We've just briefly spoken about the letter from
14 E.E.I. this morning, and my understanding is that that
15 is acceptable to be included in that set of deadlines
16 for written comments.

17 HEARING OFFICER: Okay. When you all
18 file written comments, will you serve on each other in
19 this group?

20 MR. BROEMEL: Sure.

21 MR. SCOTT: Sure.

22 MR. BROEMEL: Should we serve them on
23 E.E.I. too? What do you think?

24 MR. SCOTT: I haven't spoken with
25 E.E.I. I actually did not know that they were sending

1 the letter, although I had gotten a call indirectly
2 that they might want to submit comments. So my thought
3 would be that, in fairness to everybody submitting
4 comments, that we ought to send it to that same
5 gentleman there.

6 MR. BROEMEL: We're agreeable to
7 that.

8 HEARING OFFICER: Since they filed a
9 notice that they are going to be filing comments, that
10 would be great if y'all would serve them as well.

11 All right. We'll agree to those
12 dates, then, May 21st for comments and then June 14th
13 for responses to those comments and then June 14th
14 we'll close the record. Then the staff will take those
15 comments and produce a rule and submit it to the
16 directors for their approval, and at that point we'll
17 go to the Attorney General's Office, and at that point,
18 then it will go to the Secretary of State's Office and
19 follow the process there.

20 Are there any other questions or
21 comments?

22 MR. BROEMEL: Will the TRA notify
23 E.E.I. about these dates, or how are we going to handle
24 that? I think they already know them, right?

25 MR. SCOTT: I think they recite them

1 in their letter.

2 MR. BROEMEL: Yeah. I just wondered
3 if you were also going to notify them. And if you do,
4 I was going to ask that you put in there that they --
5 you know, it would be nice if they sent us a copy.

6 HEARING OFFICER: I'll do a letter to
7 all the parties that have filed comments to this point
8 and include those dates in it.

9 MR. BROEMEL: Okay.

10 HEARING OFFICER: Anything else?

11 MR. BROEMEL: I don't think so.

12 MR. SCOTT: No.

13 HEARING OFFICER: All right. If
14 nothing else, we'll say this hearing is adjourned.

15 (Proceedings concluded at
16 9:15 a.m.)

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